

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO IMMEDIATE

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E. O.11652: N/ A

TAGS: ETRN, MX

SUBJ: RETURN OF US RAIL CARS

1. FOR YOUR INFORMATION FOLLOWING IS TEXT OF MAY 9 LETTER
INTERSTATE COMMERCE COMMISSION TO DEPARTMENT:

QUOTE. WITH OUR NATION FACING ITS WORST CAR SHORTAGE
IN HISTORY AND THOUSANDS OF SHIPPERS BEING DEPRIVED OF
FREIGHT CARS FOR LOADING, THE INTERSTATE COMMERCE COMMIS-
SION HAS THE RESPONSIBILITY, BOTH TO CONGRESS AND TO THE
SHIPPING PUBLIC, TO DO EVERYTHING POSSIBLE TO ALLEVIATE THE
SHORTAGES BY OBTAINING MAXIMUM UTILIZATION OF THE AVAILABLE
FLEET. WE HAVE TAKEN MANY ACTIONS TO DATE, BOTH AGAINST
THE CARRIERS AND THE SHIPPERS, TO ACCOMPLISH THIS PURPOSE.
THE COMMISSION HAS ISSUED ORDERS REQUIRING EXPEDITIOUS
HANDLING OF CARS BY RAILROADS; INCREASING DEMURRAGE CHARGES,
BOTH ON DOMESTIC AND EXPORT SHIPPERS; AND HAS PLACED RE-
STRICTIVE MEASURES ON THE HANDLING OF LUMBER AND PULPWOOD,
AS WELL AS OTHER COMMODITIES.

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WE ARE NOW FACED WITH THE CONDITION THAT IS CERTAINLY A CONTRIBUTING FACTOR TO OUR PRESENT CAR DILEMMA; THAT IS, THE EXCESSIVE NUMBER OF FREIGHT CARS OWNED BY AMERICAN RAILROADS BEING HELD IN MEXICO, AS WELL AS UNPRECEDENTED ACCUMULATIONS OF CARS AT LAREDO AND OTHER GATEWAYS CAUSED BY THE INABILITY OF THE NATIONAL RAILWAYS OF MEXICO TO ACCEPT THEM.

UNDER PART 1, SECTION 1(15) OF THE INTERSTATE COMMERCE ACT, WHENEVER THE COMMISSION IS OF THE OPINION THAT SHORTAGE OF EQUIPMENT, CONGESTION OF TRAFFIC, OR OTHER REAL EMERGENCY REQUIRING IMMEDIATE ACTION EXISTS IN ANY SECTION OF THE COUNTRY, THE COMMISSION SHALL HAVE AND IS GIVEN AUTHORITY TO GIVE DIRECTIONS FOR PREFERENCE OR PRIORITY IN TRANSPORTATION, EMBARGOES, OR MOVEMENT OF TRAFFIC UNDER PERMITS. IN SUBSTANCE AN EMBARGO IS A METHOD OF CONTROLLING TRAFFIC MOVEMENTS WHEN ACCUMULATIONS, THREATENED CONGESTIONS, OR OTHER INTERFERENCES OF OPERATIONS, OF A TEMPORARY NATURE, COMPEL RESTRICTIONS AGAINST SUCH MOVEMENTS.

THE NUMBER OF UNITED STATES CARS HELD IN MEXICO HAS GRADUALLY INCREASED FROM 3,291 ON MARCH 1, 1972, TO 7,032 ON MAY 1, 1973. LACK OF MOTIVE POWER IS LARGELY RESPONSIBLE FOR A BUILDUP OF CARS AT THE LAREDO, TEXAS, GATEWAY. ON MAY 7 THERE WERE 358 LOADS AND 219 EMPTIES AT NUEVO LAREDO, MEXICO, WAITING FOR NORTHBOUND MOVEMENT AND A TOTAL OF 3,086 CARS ON BOTH SIDES OF THE BORDER AWAITING SOUTHBOUND MOVEMENT. THIS BACKLOG OF 3,663 CARS IS CONSIDERED BY INFORMED RAILROAD OFFICIALS TO REPRESENT A SERIOUS SITUATION. A LARGE NUMBER OF US OWNED EQUIPMENT HAS BEEN IN MEXICO SINCE 1970. OVER THE PAST YEARS A NORMAL NUMBER OF CARS OF AMERICAN OWNERSHIP HELD IN MEXICO RANGED BETWEEN THREE AND FOUR THOUSAND AND ACCUMULATIONS AT GATEWAYS NEVER EXCEEDED ONE THOUSAND CARS AT ANY ONE TIME.

IN VIEW OF THE PRESENT CRISIS, BOTH DOMESTIC AND MEXICO, THE COMMISSION IS OF THE OPINION THAT ACTION MUST LIMITED OFFICIAL USE

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BE TAKEN TO PREVENT FURTHER STAGNATION AND TO FACILITATE THE MOVEMENT OF TRAFFIC BETWEEN THE UNITED STATES AND MEXICO. UNDOUBTEDLY, THE NATIONAL RAILWAYS OF MEXICO IS AWARE OF CONGESTIONS, CAR ACCUMULATIONS, AND PHYSICAL CONDITIONS WHICH ARE INTERFERING WITH THE NORMAL FLOW OF TRAFFIC, BUT FOR SOME UNEXPLAINED REASON IT IS UNWILLING TO EMBARGO FURTHER SHIPMENTS UNTIL SUCH CONGESTION IS

REDUCED AND A CURRENT OPERATION IS REGAINED. IT THEREFORE BECOMES NECESSARY FOR THE COMMISSION TO TAKE THE NECESSARY ACTION TO ACHIEVE SUCH PURPOSES. UNTIL THE NUMBER OF CARS BEING HELD IN MEXICO IS REDUCED TO LESS THAN 4,000 AND THE NATIONAL RAILWAYS OF MEXICO IS ABLE TO HANDLE ON A CURRENT BASIS TRAFFIC OFFERED TO IT AT THE VARIOUS GATEWAYS, THE COMMISSION PROPOSES TO PROMPTLY

ORDER EMBARGO ON ALL FREIGHT FOR MEXICO, EXCEPT FOR PERISHABLES AND FOODSTUFFS, FOR A TWO TO THREE- WEEK PERIOD TO GIVE THE MEXICAN RAILROADS A " BREATHER" IN THE CONTINUOUS SOUTHBOUND FLOW SO THAT SOME ORDERLY PROCEDURES CAN BE ESTABLISHED TO INCREASE RETURN OF US CARS AND OVERCOME BACKLOG AT LAREDO.

WE IN THE COMMISSION WOULD VERY MUCH LIKE TO AVOID TAKING SUCH ACTION BUT FEEL THAT WE WOULD BE NEGLIGENT IN OUR DUTY TO THE AMERICAN SHIPPER UNLESS WE DO SO.

IMMEDIATE ACTION ON THE PART OF THE NATIONAL RAILWAYS OF MEXICO TO ACCELERATE THE RETURN OF EQUIPMENT TO THE US WOULD, OF COURSE, BE A FACTOR IN DETERRING THE PLACING OF AN EMBARGO. SUCH ACTION WOULD INCLUDE A DAILY RETURN OF APPROXIMATELY 300 FREIGHT CARS UNTIL SUCH TIME AS THE AFOREMENTIONED QUOTA OF 4,000 CARS OR LESS IS REACHED.

IN THE EVENT AN EMBARGO BECOMES NECESSARY, THE NATL. RAILWAYS OF MEXICO MUST RETURN TO US ROADS THE SAME NUMBER OF CARS RECEIVED EACH DAY PLUS 60 ADDITIONAL EMPTY CARS EACH DAY UNTIL CANCELLATION OF THE EMBARGO.

I SHALL APPRECIATE DEEPLY YOUR THOUGHTS AS TO THE EFFECT THE PLACING OF AN EMBARGO WOULD HAVE ON ANY PRO-LIMITED OFFICIAL USE

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GRAMS OF YOUR DEPARTMENT. SINCERELY YOURS, GEORGE M. STAFFORD, CHAIRMAN. UNQUOTE.

2. DEPARTMENT COMMENTS AND FURTHER INSTRUCTIONS WILL BE PROVIDED SHORTLY. EMBASSY COMMENTS WELCOMED PROMPTLY. ROGERS

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